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Message Text

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11
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 INT-05 FEA-01 TRSE-00

OMB-01 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 DODE-00

FPC-01 H-02 INR-07 L-03 NSAE-00 NSC-05 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 /086 W
---------- 117498
R 032050Z OCT 75
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 8255
INFO AMEMBASSY LIMA

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E.O. 11652: N/A
TAGS: EMIN, BL
SUBJ: CHANGES IN US LAW AFFECT BOLIVIAN OIL EXPLORATION

REF: LA PAZ 5061

FOR: DEPT OF INTERIOR; DEPT OF COMMERCE

1. REPRESENTATIVES OF FOUR US OIL COMPANIES INFORMED EMBASSY OFFICERS THAT CHANGE IN US TAX LAW EFFECTIVE JANUARY 1 HAVE DEFINITELY SLOWED AND LIMITED SCOPE OIL EXPLORATION IN BOLIVIA. APPARENTLY LAW DIFILLOWS EXPENSES INCURRED IN FOREIGN EXPLORATION TO BE WRITTEN OFF AGAINST PRE-TAX EARNING OF US PARENT. OVERSEAS EXPENSES REPORTEDLY MUST NOW BE CHARGED, IF POSSIBLE, AGAINST OVERSEAS EARNINGS. US COMPANIES HOLDING CONCESSIONS IN BOLIVIA OF COURSE HAVE CONTRACTUAL REQUIREMENTS WITH BOLIVIAN PETROLEUM CORPORATION (60*?) FOR MINIMUM EXPENDITURES ON EXPLORATION BUT TIMING AND EXPENDITURES OVER MINIMUM HAVE BEEN AFFECTED.

2. REPORTEDLY GOB WILL OPEN BIDDING NEXT MONTH ON CONCESSION AREAS NEAR SATNA CRUZ. FEELING AMONG OIL PEOPLE HERE IS THAT THERE WILL BE LOWER BIDS AND LESS INTEREST THAN PREVIOUSLY BECAUSE OF
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TAX SITUATION. EMBASSY WILL KEEP DEPARTMENT INFORMED.

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3. SUN OIL COMPANY REP INFORMED EMBASSY THAT AFTER REACHING
9,400 FOOT DEPTH IS DISCONTINUED DRILLING LA JOYA NO 1 WELL (45
K WEST OR ORURO) THIS WEEK. SUN OIL DID NOT FIND COMMERCIALLY
VALUABLE QUANTITIES OF OIL. RIG WILL BE PICKED UP BY SUPERIOR
OIL COMPANY WHICH HOLDS CONCESSION NORTHWEST AND ADXECENT TO SUN
OIL CONCESSION (SEE A-53 OF 4/95/75). EXACT LOCATION OF WELL
AWAITS FURTHER SEISMIC ANALYSIS.
PARKER

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Message Attributes

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